

Historic, Archive Document

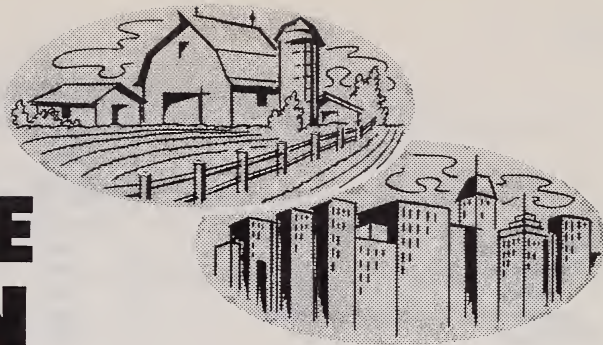
Do not assume content reflects current scientific knowledge, policies, or practices.

1/
E
C

DE

1.9
EC752Pa
Cp. 2

DEMAND AND PRICE SITUATION

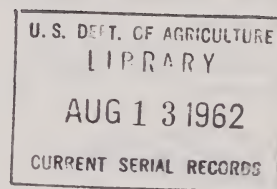


DPS-91

For Release July 24, A. M.

JULY 1962

COMMODITY HIGHLIGHTS



GENERAL AGRICULTURAL SITUATION

Published monthly by
ECONOMIC RESEARCH
SERVICE

U. S. DEPARTMENT OF
AGRICULTURE

FACTORS AFFECTING DEMAND FOR FARM PRODUCTS

CURRENT COMMODITY SITUATION

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1961			1962		
		Year	June	Mar.	Apr.	May	June
Industrial production, seasonally adj. <u>1/</u>	: 1957=100	: 109	: 110	: 116	: 117	: 118	: 118
Final products	: do.	: 112	: 113	: 118	: 119	: 121	: 121
Consumer goods	: do.	: 116	: 118	: 122	: 123	: 124	: 124
Autos	: do.	: 97	: 109	: 110	: 119	: 126	: 115
Equipment, including defense	: do.	: 104	: 102	: 111	: 112	: 114	: 114
Materials	: do.	: 106	: 109	: 113	: 115	: 115	: 115
Construction: <u>2/ 3/</u>	:	:	:	:	:	:	:
Total outlays	: Mil. dol.	: 57,399	: 57,206	: 57,861	: 58,315	: 60,747	: 62,981
Public construction	: Mil. dol.	: 17,034	: 16,878	: 17,308	: 16,568	: 16,291	: 17,931
Private residential	: Mil. dol.	: 22,499	: 22,271	: 22,507	: 23,404	: 24,999	: 26,368
Housing starts, private only	: Thousands	: 1,304	: 1,381	: 1,431	: 1,542	: 1,555	: 1,389
Manufacturers' sales and inventories: <u>2/</u>	:	:	:	:	:	:	:
Total sales, seasonally adjusted	: Mil. dol.	: 30,730	: 30,850	: 33,220	: 33,480	: 33,500	:
Durable goods	: Mil. dol.	: 14,540	: 14,670	: 16,330	: 16,400	: 16,390	:
Unfilled orders-sales ratio <u>4/</u>	:	: 3.10	: 2.91	: 2.82	: 2.78	: 2.72	:
Inventory-sales ratio, total <u>5/</u>	:	: 1.80	: 1.73	: 1.70	: 1.69	: 1.69	:
Durable goods	:	: 2.16	: 2.06	: 1.98	: 1.98	: 1.99	:
Employment and wages: <u>6/</u>	:	:	:	:	:	:	:
Total civilian employment	: Millions	: 66.8	: 68.7	: 66.3	: 66.8	: 68.2	: 69.5
Nonagricultural	: do.	: 61.3	: 62.0	: 61.5	: 61.9	: 62.8	: 63.2
Unemployment	: do.	: 4.8	: 5.6	: 4.4	: 3.9	: 3.7	: 4.5
Workweek in manufacturing	: Hours	: 39.8	: 40.1	: 40.3	: 40.4	: 40.5	: 40.6
Hourly earnings in manufacturing	: Dollars	: 2.32	: 2.32	: 2.38	: 2.39	: 2.39	: 2.39
Income and spending:	:	:	:	:	:	:	:
Personal income <u>2/ 3/</u>	: Bil. dol.	: 416.7	: 416.4	: 435.2	: 438.3	: 439.7	: 440.4
Consumer credit outstanding <u>1/</u>	: Mil. dol.	: 57,139	: 54,602	: 55,680	: 56,650	: 57,593	:
Automobile	: Mil. dol.	: 16,960	: 17,061	: 17,039	: 17,343	: 17,683	:
Total retail sales, seasonally adj. <u>2/</u>	: Mil. dol.	: 18,243	: 18,199	: 19,276	: 19,614	: 19,497	: 19,066
Durable goods	: Mil. dol.	: 5,617	: 5,586	: 6,190	: 6,334	: 6,199	: 5,920
Inventory-sales ratio <u>5/</u>	:	: 1.47	: 1.44	: 1.39	: 1.37	: 1.38	:
Prices: <u>6/</u>	:	:	:	:	:	:	:
Wholesale prices, all commodities	: 1957-59=100	: 100	: 100	: 101	: 100	: 100	: 100
Commodities other than farm and food	: do.	: 101	: 101	: 101	: 101	: 101	: 101
Farm products	: do.	: 96	: 93	: 98	: 97	: 96	: 95
Foods processed	: do.	: 101	: 99	: 101	: 100	: 100	: 100
Consumer price index, all items	: do.	: 104	: 104	: 105	: 105	: 105	:
Food	: do.	: 103	: 102	: 103	: 103	: 103	:
Prices received by farmers <u>7/</u>	: 1910-14=100	: 240	: 234	: 244	: 242	: 242	: 239
Crops	: do.	: 225	: 231	: 233	: 236	: 243	: 236
Livestock and products	: do.	: 251	: 236	: 254	: 246	: 242	: 242
Prices paid, interest, taxes and wage rates <u>7/</u>	: 1910-14=100	: 301	: 300	: 305	: 306	: 306	: 305
Family living items	: do.	: 291	: 290	: 294	: 294	: 296	: 294
Production items	: do.	: 266	: 265	: 269	: 270	: 269	: 268
Parity ratio <u>7/</u>	:	: 80	: 78	: 80	: 79	: 79	: 78
Farm income and marketings: <u>7/</u>	:	:	:	:	:	:	:
Volume of farm marketings	: 1947-49=100	: 136	: 120	: 102	: 99	: 110	: 118
Cash receipts from farm marketings	: Mil. dol.	: 35,243	: 2,450	: 2,310	: 2,153	: 2,342	: 2,500

Annual data for most of the items for years 1929, 1941, and 1947-61 appear on page 34 of the April 1962 issue of The Demand and Price Situation.

1/ Federal Reserve Board. 2/ U. S. Department of Commerce. 3/ Seasonally adjusted annual rates.
4/ Unfilled orders for durables divided by monthly deliveries. 5/ Inventories, book value, end of month,
divided by sales. 6/ U. S. Department of Labor. 7/ U. S. Department of Agriculture.

THE DEMAND AND PRICE SITUATION

Approved by the Outlook and Situation Board, July 18, 1962

<u>CONTENTS</u>		
	<u>Page</u>	<u>Page</u>
Summary.....	3	Current Commodity Situation cont.
Commodity Highlights.....	4	Crops
General Agricultural Situation...	5	Wheat.....
Factors Affecting Demand for		Feed Grains.....
Farm Products.....	8	Oilseeds, Fats and Oils.....
Current Commodity Situation.....	12	Fruit.....
Livestock and Products		Commercial Vegetables.....
Meat Animals.....	12	Potatoes and Sweetpotatoes...
Dairy Products.....	13	Dry Beans and Peas.....
Poultry and Eggs.....	14	Cotton.....
Wool.....	16	Tobacco.....

SUMMARY

Higher cash receipts from crop marketings during the first half of the year more than offset a small reduction in receipts from livestock and livestock products. This resulted in a small gain in total cash receipts compared with January-June 1961. The combined volume of crop and livestock marketings was fractionally above the first 6 months of last year, and prices averaged slightly higher. Under provisions of the 1962 Feed Grain and Wheat Stabilization Programs, payments to farmers in all of 1962 may total about \$1.2 billion compared with \$809 million for these programs in 1961.

In the general economy, most indicators advanced in June, but some hesitation occurred in a few areas. On the whole, there was some improvement in economic conditions, although gains were small. The index of industrial output in June edged up fractionally, being led by higher production rates of consumer goods. Personal income payments increased slightly in June to an annual rate a little above \$440 billion. And construction activity was heightened further by increased expenditures for both public and private construction. Ample availability of mortgage money on relatively favorable terms apparently has contributed to the pickup in residential construction since early this year. New housing starts in June, although moving ahead at the relatively high annual rate of 1.4 million units, were off from the nearly 1.6 million units reported for May.

During May, sales activity at the manufacturing level continued high, and new orders advanced slightly. Furthermore, in late spring, both wholesale and consumer prices remained relatively stable, with most goods in ample supply and keeping pace with the generally higher level of demand this year.

Retail sales declined by about 2 percent in June as consumers reduced purchases of autos and some other durable and nondurable goods. With cuts in employment in steel, total employment was off a little and the unemployment rate rose fractionally to 5.5 percent. Stock prices were off again in June following a sharp decline in late May. The psychological impact of the stock market decline as well as losses incurred may have contributed to the dampening in consumer buying in June.

COMMODITY HIGHLIGHTS

Meat production during the remainder of 1962 will likely be around 2 percent more than in the last half of 1961 because of increased supplies of beef and veal. Pork, lamb, and mutton production is expected to be below the July-December 1961 level. Cattle prices this fall are likely to be below a year earlier while lamb and hog prices are expected to be higher.

Dairy production in the first half of 1962 totaled 66.8 billion pounds, 1.4 percent over January-June 1961. USDA purchases in this period were equivalent to about 8 billion pounds, about the same as total purchases in 1961. Milk production in the second half of 1962 is likely to exceed July-December 1961 slightly. The June 1962 price of all wholesale milk was down seasonally from May, and 17 cents per cwt. below June 1961.

Poultry meat production is down with a 5 percent reduction indicated in per capita broiler supplies at midyear from a year earlier. Per capita turkey supplies in prospect for the September-December period may be down about 12 percent from a year earlier. Turkey prices were up in June from January and little additional price improvement is expected this year. Egg production was up for the first half of 1962 from a year earlier. Egg production in 1962 may total about 1 percent more than in 1961. Egg prices are expected to remain lower than in 1961 for the remainder of this year.

Shorn wool prices for the 1961-62 marketing season were 2 percent above the previous season; domestic production was down. U. S. apparel wool mill use was up sharply accompanied by an increase in imports.

Wheat production for 1962, estimated as of July 1, was down 15 percent below the 1961 crop. The carryover July this year was down--possibly by 5 percent from a year earlier. Domestic use in 1962-63 is expected to be about the same as in 1961-62 but exports may be substantially smaller. Wheat prices continue close to the higher 1962-crop support rates.

Feed grain production in 1962 is expected to be at the lowest level in 5 years, down 2 percent from 1961. Indicated yields per acre are near last year's record levels but acreage to be harvested is about 2 million less than a year earlier. June prices received by farmers for feed grains continued near May levels and averaged 3 percent higher than June 1961.

Soybean crushings and exports during the 1961-62 marketing year ending September 30 are expected to attain new record highs by a wide margin. Soybean prices to farmers this summer are expected to be near the CCC resale price and slightly below the high levels of last summer.

Total production of deciduous fruits in 1962 is expected to be about the same as in 1961 and the 1961-62 citrus crop may total 13 percent above 1960-61. In early July, grower prices for fresh deciduous fruits generally averaged above a year earlier; those for citrus somewhat below. Processed citrus juice supplies are up substantially this summer from a year earlier.

Summer fresh vegetable supplies are indicated near those of last year. Canned and frozen vegetable supplies into September are expected to be a little larger than a year earlier. Total production for processing in 1962 is likely to be close to that of 1961. Supplies of potatoes into September are expected to be considerably less than a year earlier. Acreage of potatoes for fall harvest is indicated at 5 percent below 1961. The 1962 sweetpotato crop is placed at 10 percent above the 1961 crop.

Cotton acreage planted this year is down about 1 percent from 1961 but is the second largest acreage since 1956. Acreage planted for the 1962 crop represented about 90 percent of the allotted acreage. The average prices received by farmers for all kinds of cotton from the 1961 crop to April 1, 1962, was up 2.6 cents from the comparable price a year earlier but remained below the average prices for 1954 and 1958.

Tobacco supplies for 1962 are forecast as the largest since 1956 and nearly 4 percent above 1961. Estimated acreage to be harvested in 1962 is about 4 percent above a year earlier and indicated yields are only slightly below the record yields for 1961.

GENERAL AGRICULTURAL SITUATION

Cash receipts from farm marketings during the first 6 months of this year averaged a little above the comparable period a year ago. Both the volume of marketings and prices in the first half of 1962 were up from a year earlier. Mid-June prices received by farmers declined from May. For the first time in about a year prices paid by farmers declined--the mid-June figure was a little lower than the record May level.

Farm Income Up Slightly
in January-June

Cash receipts from all marketings in the first 6 months of 1962 were 2 percent higher than in January-June 1961. Receipts from marketings of crops, boosted by higher prices, were at \$5.4 billion up \$400 million from a year earlier. On the other hand, cash returns from livestock and livestock products were 1 percent lower than in the first half of 1961 as lower prices more than offset an increase in the volume of marketings.

The rate of Government payments to farmers in the first half of 1962 was well above a year earlier. Payments to farmers under provisions of the 1962 Feed Grain and Wheat Stabilization Programs are expected to total about \$1.2 billion in 1962. Last year, with the Wheat Program getting underway in the fall, payments totaled around \$809 million. Of this, \$767 million was paid to farmers under the Feed Grain Program.

Prices paid by farmers for production items, interest, taxes, and wage rates through mid-June averaged almost $1\frac{1}{2}$ percent more than a year ago. Production expenses in January-June were estimated at about \$600 million, annual rate, above the first half of 1961. Unit costs showed small to moderate increases for most production items. Interest and taxes payable per acre were up about 6 percent and farm wage rates were 3 percent more than in January-June 1961.

With cash receipts from farm marketings in the first half of this year showing some rise and with Government payments at a higher rate, realized gross farm income was estimated above the January-June 1961 rate. However, the increase in production expenses offset most of the gain in realized gross income. Realized net farm income in January-June at \$12.8 billion seasonally adjusted annual rate, was about 2 percent above a year earlier but about the same as for the full year 1961.

Crop Prices Decline in June

The Index of Prices Received by Farmers as of mid-June was off a little more than 1 percent from the previous month falling to 239 percent of its 1910-14 average. The relative stability in livestock and products prices was contrasted with a 3 percent decline in crops, leading to a 1 percent fall in the overall index. The prices received index stood slightly higher than a year earlier.

A sharp rise in hog prices -- the first such increase since mid-January -- lifted meat animal prices fractionally over the May figure. The increase placed hog prices about 2 percent higher than a year earlier. This spring's pig crop was smaller than in 1961, but indications are for hog prices to advance seasonally through this summer and average close to the 1961 summer levels. Cattle prices dropped slightly from May to June but remained well above a year earlier. And with feeders planning heavier marketings after mid-summer, some decline in fed cattle prices is likely in the next few months.

Dairy product prices fell about 1 percent from mid-May to mid-June in response to the usual seasonally high level of milk production. Current drought conditions in some sections of the country may result in a more than seasonal slackening of production in some areas; but this is unlikely to significantly affect the normal seasonal pattern of all wholesale milk prices through the remainder of the summer. June prices received by farmers for poultry and eggs were down somewhat from May. Prices for commercial broilers were stable but egg prices declined seasonally and turkey prices were lower than in May.

As a result of these mixed movements, the livestock and products component of the prices received index was unchanged from the month earlier level. On the other hand, crop prices fell 3 percent mainly in response to a seasonal reduction in fresh fruit prices and a particularly sharp decrease in the price of commercial vegetables for fresh market. With the exception of potato prices, which continue to advance strongly, most June crop prices held relatively steady at May levels.

Prices Paid by Farmers

Declined Fractionally in June

The Index of Prices Paid by Farmers, including Interest, Taxes and Wage Rates receded a little in June from the April and May record level. This was the first decline in prices paid in a year and it placed the index at 305 (1910 - 14=100)--about 2 percent higher than in June 1961. Declines in both prices paid for family living and production items dropped the overall index back to the mid-March level.

Table 1.--Index numbers of prices paid by farmers, January-June average, 1961-62

Item	January-June		Percentage change 1961-62
	1961	1962	
	<u>1910-14=100</u>	<u>1910-14=100</u>	<u>Percent</u>
Family living	291	294	1.0
Production	267	269	.7
Interest	228	241	5.7
Taxes	578	613	6.1
Wage rates	641	659	2.8
Parity index ¹ / ₁	302	306	1.3
Parity ratio	79	79	0

¹/₁ Prices paid for family living items, production items, interest, taxes, and farm wage rates.

U. S. Department of Agriculture.

With the exception of household furnishings, the family living items component of the prices paid index registered across-the-board declines. The modest overall decline in this component, although not analogous to the Bureau of Labor Statistics' Consumer Price Index, parallels the relative consumer price stability in urban areas as measured by the Consumer Price Index. Contributing to the decline in the overall prices paid index was a fractional easing in the prices farmers paid for production items in June. Mainly responsible for this small reduction were lower prices for feeder cattle, building materials, and heavy farm machinery. Cash farm wage rates rose less than seasonally from April 1 to July 1.

*** FACTORS AFFECTING DEMAND ***
FOR FARM PRODUCTS

Trends in economic activity continued mixed in June. Conditions in the business sector generally improved, but some hesitation occurred in the consumer sector. Investment continued high in June, particularly construction expenditures. Output again moved ahead slightly during the month but employment was off a little after seasonal adjustment, due primarily to reduced steel mill activity. Personal income payments rose only slightly, and consumer buying slowed a little more in June.

Industrial Output Fractionally
Higher in June

The Federal Reserve Board's index of industrial production edged up fractionally in June--apparently in response to the relatively high level of auto sales and housing starts in May. The rate of gain in the overall index has been slackening for the past several months. The March to April and the April to May production increases were 1.2 and 0.5 percent respectively. The June index rose even less, approaching 118 (1957=100), and stands 7 percent higher than in 1961.

The steady output pace maintained by producers of durables and a slight advance by nondurable goods manufacturers contributed to the June production increase. Among the durables, automobile production was down by about a tenth. Although hampered by recent sporadic strikes, the auto industry continued to produce at a relatively fast clip--about 20 percent better than last year. However, the recent increase in construction activity placed strong demands on the clay, glass, and lumber industries, lifting their output somewhat higher than the May level. A rise in production of furniture in June was a response to the spring spurt in housing starts. Steel production, on the other hand, continued to lag--falling 7 percent in June. The steel industry operated at about 55 percent of rated capacity. Since major steel users still have large stocks of steel on hand, this industry likely will continue to operate well below capacity into the fall.

Nondurable manufactures were up by almost 1 percent over the month. notably paper and printing, and chemicals, petroleum and rubber products. In addition, mining and utilities gained a little during June.

Employment Situation Shows
Little Change From May Levels

Activity in the labor market faltered slightly during June despite continued strength in other major sectors of the economy. The number of persons employed in June totaled 67.7 million. During May employment was a little higher as heavy automotive production schedules and construction activity resulted in strong bids for skilled workers. Slack in some manufacturing industries in June--particularly in primary metals and the automotive group--offset the continued strength in the construction industry.

An increase in short-term unemployment was about offset by a small reduction in the number of long-term unemployed, leaving the number of jobless persons at the May level--3.9 million. Despite spotty weakness in employment, the civilian labor force also declined slightly resulting in an unemployment rate around the 5.5 percent of recent months.

June Income Payments
Up Slightly

Personal income payments were a little higher during June, although there was a small decline in employment and a further reduction in the average factory workweek. These decreases reflected to a very large extent reduced output of steel as previously accumulated inventories were worked down. Total payments to income recipients averaged just above the \$440 billion annual rate reported for May. Factory payrolls declined a little despite a small increase in average weekly earnings of factory workers. A similar decrease in payments to factory workers occurred at the beginning of the year when the economy paused during its recovery from the 1960-61 recession. At that time reductions, although small, were rather widespread throughout the economy. Since January the economy has pushed ahead in most major sectors. Personal incomes so far this year total $6\frac{1}{2}$ percent above a year ago, and June incomes were about 6 percent greater than June 1961.

Consumer Prices Stable
During May

The average of prices urban consumers paid for goods and services during May showed no change from the preceding month's level. The May price stability was the first leveling in the index in several months. The Consumer Price Index stood 5.2 percent above the 1957-59 base year average. Although the overall index exhibited relative stability, food prices slipped fractionally from the April peak. Used car prices were up slightly during the month, but gasoline prices were down a little. On the basis of the May urban price report, some workers in manufacturing industries covered by cost-of-living escalator clauses are scheduled to receive wage increases ranging from 1 to 3 cents an hour.

Table 2.--Selected changes in economic activity, 1961-62

Item	Unit	Latest month	Percentage change from June 1961
Industrial production <u>1/</u>			
Iron and steel	1957=100	June 118	7.3
Autos	1957=100	June 78	- 12.4
	1957=100	June 115	5.5
Construction expenditures <u>2/</u>			
Private residential	Mil.dol.	June 62,981	10.1
Other private	Mil.dol.	June 26,368	18.4
Public	Mil.dol.	June 18,682	3.5
	Mil.dol.	June 17,931	6.2
Housing starts <u>2/</u>	Thousands	June 1,389	.6
Retail sales <u>1/</u>			
Durables	Mil.dol.	June 19,066	4.8
Nondurables	Mil.dol.	June 5,920	6.0
	Mil.dol.	June 13,146	4.2
Labor force, civilian <u>1/</u>			
Employed	Millions	June 71.7	- .4
Unemployed	Millions	June 67.7	1.2
	Millions	June 3.9	- 20.4
Consumer price index			
Food	1957-59=100	May 105.2	1.3
Commodities less food	1957-59=100	May 103.2	.9
Services	1957-59=100	May 102.6	1.1
	1957-59=100	May 109.4	1.9
Wholesale price index			
Farm products	1957-59=100	June 100.1	.6
Processed food	1957-59=100	June 95.3	2.6
	1957-59=100	June 99.8	.9

1/ Seasonally adjusted.2/ Seasonally adjusted annual rates.

Federal Reserve Board and U. S. Departments of Labor and Commerce.

Consumer Buying Off A Little
In June

Consumer buying again declined slightly in June following a fractional decline in May. In fact, June retail sales fell a little faster than in May. The June decline was a little more widespread than in May, when the faltering was confined entirely to the durables area. Responsible for much of the decrease was a slight reduction in June auto sales following a brisk spring sales period. Although auto sales were off somewhat, the month's sales were sharply above year-ago levels, and this was the best June for car sales since 1955. In addition, buying of soft goods was fractionally lower. The reduction in the rate of gain in personal income combined with a possible adverse psychological effect of declines in the stock market may have been responsible for the June sales decrease. However, consumer purchases in June were up about 6 percent from a year ago.

Manufacturers' Sales Steady but
Rate of Inventory Accumulation Slows

In May, the latest month for which figures are available, manufacturers' sales continued at the record April rate of \$33½ billion, about a tenth higher than in the comparable period a year ago. Sales by the steel industry continued to decline in May, reflecting the working down of steel stocks previously accumulated as a hedge against a possible steel strike. Sales activity elsewhere in durables was sufficiently high, particularly by motor vehicle companies and electrical and nonelectrical machinery firms, to offset the sharply reduced sales of steel. Producers of nondurable goods also showed no overall sales change from April to May as individual industries registered balancing movements.

Stability in manufacturers' sales was accompanied by a slackening in the rate of inventory accumulation to an increase of about \$50 million during April-May compared with a rise of \$120 million during March-April. The May stock-sales ratio was 1.69, the same as in April. This ratio had been declining steadily since the beginning of the year. Total inventories on hand held by manufacturing and trade industries increased but at a decreasing rate. The April to May change was the smallest advance in total inventories this year.

A leading business cycle indicator--new orders--moved ahead fractionally in May after declining for the past several months. Much of the April decrease was a result of the uncertainty imposed by the steel industry during the wage bargaining several months ago. As a result of the uncertain outcome of the labor-management dispute, steel consumers stocked their warehouses with steel inventories. This led to a falling off in new orders for steel. The extent of the cutback was sufficiently large to more than offset countering movements in new orders placed with other durable and nondurable goods producing industries. In May, new orders for iron and steel increased substantially to a level about 30 percent less than the year-earlier level.

Unfilled orders in May were off nearly 2 percent from April as large reductions occurred in steel, motor vehicle, and aircraft companies. Despite this decline, order backlogs were running some $4\frac{1}{2}$ percent higher than in May 1961. The recent reform in the basic principles used in the determination of depreciation for tax purposes may have some influence on the future level of unfilled orders. According to the Treasury Department, these reforms will involve a reduction of \$1.5 billion in business tax liabilities during the first year of its operation.

Construction Outlays Continue
to Advance at Record Rate

Investment in new construction continued at a rapid pace in June advancing nearly 4 percent over the record May level. Expenditures by both private and public sectors shared about equally in the overall gain in construction activity. Construction outlays, particularly private spending, are currently one of the more important factors contributing to the continuing improvement in general business conditions. In constant dollar terms, new construction expenditures in June stood a sharp 10 percent higher than in the corresponding period a year earlier.

Housing starts accelerated to a 1.5 million annual rate in April and continued at a slightly higher rate in May after a rather unimpressive showing during the winter of 1961-62. In June the annual rate of starts slowed to 1.4 million units. However, expenditures totaling nearly \$20 billion, at a seasonally adjusted annual rate, went into new private housing units in June--an increase of 6 percent over the previous month.

An increase in the availability of mortgage money likely has been an important factor contributing to the strength in construction activity. This increased supply of funds was largely a result of the rise in the maximum interest rate payable on savings deposits early in the year, which led commercial banks to buy mortgage paper.

CURRENT COMMODITY SITUATION

LIVESTOCK AND LIVESTOCK PRODUCTS

Meat Animals

Meat production in the last half of this year likely will be about 2 percent larger than during the same period in 1961. The increase will be due mainly to larger supplies of beef and veal. Pork, lamb, and mutton production is expected to be slightly below the July-December level of 1961. Estimated per capita production of all meat for 1962 is about the same as for 1961.

Cattle slaughter will increase seasonally from the second quarter to the third. Last year an increase in grass cattle slaughter from the second quarter to the third was partly offset by a decrease in marketing of fed cattle. A similar situation appears to be developing this year.

The number of cattle and calves on feed July 1 in 26 leading States was 4 percent greater than last July. Feeders reported that they planned to market 55 percent of these during July-September. This would be about the same as in these months last year but would be 5 percent under April-June marketings.

If range feed conditions continue to be favorable, the major factor determining the extent of cow culling this fall will be the number of aged cows that appear to be too great a risk to hold for another calf. A substantial number of aged cows have been accumulated since the inventory reduction during 1955-57; thus cow slaughter probably will exceed 1961 levels this fall, and cow prices likely will decline.

Prices of slaughter steers and heifers are expected to hold steady through the summer, compared with the price recovery achieved in August 1961. This year prices are expected to decline during the fall, with prices in late October and November below those of the comparable period last year.

Hog slaughter has been above the same months in 1961 so far this year primarily because animals came from the 4 percent larger 1961 fall crop. The margin over a year ago narrowed in June as hogs began coming to slaughter from the 2 percent smaller spring crop. Hog prices rose in June above year-earlier levels for the first time since September 1961. Slaughter barrows and gilts are expected to increase in price during the summer months and likely will average as high as last summer. Barrows and gilts averaged \$18.13 at 8 markets in July-September 1961.

Lamb prices improved considerably this spring after the slaughter of fed lambs and old-crop lambs, from the stock sheep inventory, tapered off in March. Commercial slaughter of about 1.4 million head this May was 10 percent below May a year ago. Prices of spring lambs in May averaged \$4.00-5.00 above a year earlier. Slaughter lamb prices are expected to drop seasonally during the summer and fall but will maintain a significant margin over 1961 prices.

The improvement in the price of slaughter lambs this spring probably has ended the liquidation of sheep numbers. Lamb slaughter during the late summer and fall period likely will be below last year because of the apparent reduction in the size of the late lamb crop and a slightly larger proportion of the lamb crop held back for replacement purposes.

Dairy Products

Farmers received \$3.70 per 100 pounds for all wholesale milk in June, down seasonally from May and 17 cents below June 1961. Heavy purchases of butter, cheese, and nonfat dry milk by USDA have helped to keep prices farmers received for milk above the 75 percent price support level. After adjusting for seasonality, the price of all wholesale milk was 79 percent of parity in April, May, and June. However, prices farmers received for milkfat were at 75 percent of parity in May and June. Seasonal price rises are in prospect for wholesale milk in July and August. Milkfat prices are likely to remain at or near support levels.

In May, the price farmers received for wholesale milk sold in fluid milk markets was \$4.14, 16 cents below a year ago and 15 cents below April.

The May price was at its lowest level for the month since 1955. These relatively low price levels reflect increases in the proportion of milk receipts in fluid milk markets going to manufacturing uses. In 72 comparable Federal order markets, receipts of milk from January to May were 4 percent above a year ago while the use of milk for fluid purposes gained 2.0 percent.

National milk production in the first half of 1962 was 66.8 billion pounds, 0.9 billion pounds above 1961, a gain of 1.4 percent. June production was 12,041 million pounds, only 2 million pounds above last June's heavy production. The small gain is partly attributable to poor pasture conditions in Ohio and the North Atlantic States. Southern pastures, though improved by July 1, were poorer than a year ago. Milk production in the second half of 1962 is likely to exceed 1961 levels, but the percentage gain will be less than the 3.2 percent increase in the second half of 1961 over 1960.

Milk used in major manufactured dairy products in the first 5 months of 1962 totaled 5 percent more than a year earlier. Indications from weekly butter and cheese production data were that the proportion used for manufacturing may have been lower this June than the 53 percent for last June. During January-June 1962 butter production was 10 percent above a year earlier. However, during late June and early July butter production decreased more than seasonally and fell below year earlier levels. Weekly production of American cheese continued somewhat lower than last year's high levels, and declined seasonally.

During the first 6 months of 1962 USDA purchases of butter were 321 million pounds. During the same period 137 million pounds of cheese and 841 million pounds of nonfat dry milk were delivered to the USDA. This is a 6-month total of 8.1 billion pounds of milk equivalent compared with 8.0 billion pounds acquired by USDA in all of 1961. Purchases in June were 69 million pounds of butter, 19 million pounds of cheese, and 178 million pounds of nonfat dry milk.

Retail prices of all dairy products, as reported for May by the Bureau of Labor Statistics, were 0.8 percent below a year earlier compared with a 0.9 percent rise in the price of all food. Price declines were small for most products. The average retail price of fresh milk was 0.2 cent per quart lower delivered at homes and 0.3 cent per quart lower when purchased in stores than a year earlier. The price of butter was down 1.3 cents per pound.

Poultry and Eggs

Egg producers, in the first 9 months of the current laying year (October-June), received an average price of 33.5 cents per dozen, 5 cents below the same period a year earlier. The lower prices appear to be mainly the result of a continuing decline in the demand for eggs. Although retail egg prices in October-May averaged 53.5 cents per dozen or 6.2 cents below a year ago, the per capita consumption of shell eggs was actually slightly lower than in the same period of 1960-61.

In mid-June, prices to U. S. producers for eggs averaged 28.2 cents per dozen, 0.7 cents less than in mid-May and 2.8 cents less than a year earlier. On July 17, price quotations in major markets were down from a year ago by mostly 3 cents per dozen for large eggs and 7 cents per dozen for medium-sized eggs.

USDA purchases of dried egg for school lunches and eligible institutions from the beginning of the program on March 22 to its conclusion on July 13 totaled 13 million pounds--the equivalent of 2 percent of the eggs produced during this period, about the same percentage as a year ago.

The Nation's laying flock on July 1 was 1 percent larger than a year ago and the rate of egg production was up 3 percent. In the second half, the flock likely will decline in size more rapidly than a year ago because of the 7 percent reduction in the January-June hatch of replacement chicks. By the last quarter there may be 3 to 4 percent fewer layers on farms than in the same period of 1961, but the expected gain from last fall's rate of lay may keep final quarter egg production close to the 1961 level. Total egg production in 1962 will be about 1 percent more than in 1961. Egg prices are expected to remain lower than in 1961 during most of the remainder of the year.

For broilers, U. S. producers received an average of 14.3 cents per pound in June, the same as in May. This is in contrast to a year ago when prices dropped 1.2 cents between these 2 months to 12.8 cents per pound. Since mid-June broilers in Southern producing areas at the farm have fluctuated in price within a narrow range of 13 to 14 cents per pound. In mid-July southern broilers were being quoted mostly at 14 cents per pound, 3 cents higher than a year ago. The recent price strength reflects a reduction of more than 5 percent in per capita supplies and stronger export demand.

However, export sales may fall off sharply after mid-July because of higher import barriers against U. S. poultry by the Common Market countries on August 1. The new regulations originally were to be implemented on July 1, but were postponed because of administrative and legislative delays. Broilers now growing and eggs currently in incubators point to roughly a 5 percent cutback from 1961 in the per capita supplies in the third quarter. Broiler prices in July-September are likely to average below the $14\frac{1}{2}$ cents per pound of the second quarter but above the extremely depressed 12.3 cents of the third quarter last year.

Turkey prices received by growers in the United States rose to 20.8 cents per pound in mid-March from 18.2 cents in mid-January and from 18.0 in September-December 1961. In the second quarter, however, prices leveled off in a narrow range of 20 to 21 cents per pound. Mid-June prices to growers averaged 20.1 cents per pound, 0.3 cent below a year ago. Little if any further turkey price improvement is expected; per capita supply during the main marketing period, September-December, probably will be down about 12 percent from the same months last year. Storage stocks from last year's large turkey crop are being reduced because most of the expected 15 percent cutback in turkey numbers is coming early in the season. Turkey marketings during the September-December season will be slightly less than for last year's season.

Turkey growers turned down a proposed national marketing order for turkeys in a referendum held June 18-22. According to a preliminary count, 43 percent of producers voting favored the order. Their votes represented 50 percent of the total volume of live turkeys voted.

Wool

The average price received by U. S. growers for shorn wool in the 1961 marketing season (April 1961 to March 1962) was 42.9 cents per pound, grease basis. This is 2 percent more than the 42.0 cents per pound received in the 1960 marketing year. Shorn wool payments for the 1961 marketing year will amount to 44.5 percent of the dollar returns each producer received from the sale of shorn wool during the marketing season compared with the 47.6 percent the previous season. This is the amount needed to bring the average wool price up to the previously announced incentive level of 62 cents per pound under the National Wool Act. The payment rate on sales of unshorn lambs will be 76 cents per hundredweight of live animals sold.

The mid-June average price received by growers for shorn wool was 46.4 cents per pound, grease basis, slightly higher than the 46.3 cents in May and the highest average price since January 1958. The average shorn wool price has increased 13 percent from the recent low in November 1961 and in June 1962 was 7 percent above June a year ago.

U. S. apparel wool mill use during the first 5 months of 1962 amounted to 123.1 million pounds, scoured basis, 23 percent larger than the corresponding period a year earlier. The seasonally adjusted average weekly rate of mill consumption during May was 5.3 million pounds, 2 percent more than in April and 3 percent more than in May 1961.

Mill consumption of carpet wool during January-May 1962 totaled 60.3 million pounds, scoured basis, 7 percent more than the first 5 months of 1961. The seasonally adjusted average weekly rate of mill use during May was 3.0 million pounds, 28 percent more than in April and 8 percent more than in May 1961.

Imports of dutiable raw wool during the first 5 months of 1962 were significantly above a year earlier, reflecting the increased mill use of apparel wool. The imports totaled 57.4 million pounds, clean content, 46 percent more than the corresponding period of 1961. Imports of duty-free raw wool during the first 5 months of 1962 amounted to 52.7 million pounds, clean content, 22 percent less than in 1961. This reflects the unstable mill use of carpet wool and the working down of commercial stocks.

Woolen and worsted woven fabric production totaled 75.5 million linear yards during the first quarter of 1962. This was 7 percent more than the fourth quarter of 1961 and 11 percent more than same quarter of 1961. Men's and boys' clothing fabric output increased 17 percent from the previous quarter and was 10 percent above the first quarter of 1961. The output of women's and children's apparel fabric was 3 percent above the fourth quarter of 1961 and 16 percent above the first quarter of 1961.

CROPS

Wheat

The total wheat supply for the marketing year which began July 1, 1962, is now estimated at about 2,396 million bushels, 11 percent below the record 2,679 million in 1960-61 and 10 percent below the 1961-62 supply. The decrease is due to a reduction in both carryover and production.

On the basis of April 1 stocks and estimated domestic disappearance and exports in April-June, the July 1 carryover is expected to be about 1,340 million bushels, down from 1,412 million bushels on July 1, 1961. The bulk of the carryover will be held by CCC, as in past years. The official estimate of the July 1 carryover of old-crop wheat will be released on July 24.

Production of all wheat was forecast as of July 1 at 1,050 million bushels, 15 percent below last year and 7 percent below average. The indicated yield at 23.8 bushels per harvested acre is nearly the same as the 23.9 bushels for the 1961 crop. Lower yields for winter wheat this year were nearly compensated for by sharply higher spring wheat yields.

The supply for 1962-63 includes an allowance for imports of about 6 million bushels, the same as estimated for 1961-62. This is mostly seed and feeding quality wheat.

Domestic disappearance for 1962-63 is estimated at 594 million bushels, about the same as that estimated for 1961-62. Assuming exports at 620 million bushels, substantially below the estimated record high 715 million bushels in 1961-62, a carryover on July 1, 1963 of about 1,180 million bushels is indicated. A carryover of this size would be about 160 million bushels below the expected carryover July 1, 1962 and would be the second consecutive reduction.

Wheat prices have continued high and avoided the usual seasonal decline in June. Tight holding by farmers and interior elevator operators, a higher price support level for 1962-crop wheat with sedimentation premiums, and prospects of a relatively small crop, as well as large purchases for export, are all price strengthening factors.

On July 17, prices for new crop wheat were generally close to the effective 1962-crop support rates. The price of No. 1 Hard Red Winter, ordinary protein, at Kansas City, at \$2.19 was 1 cent above the effective support rate, and that of No. 2 Soft Red Winter at St. Louis, at \$2.17, was just at the effective support. The price of No. 1 Dark Northern Spring, ordinary protein, at Minneapolis, at \$2.34, was 6 cents above. At Portland, No. 1 Soft White was \$2.18, 10 cents above the effective support.

Feed Grains

Production of feed grains in 1962 will total around 137 million tons on the basis of July 1 indications, down 2 percent from last year and the smallest

crop in 5 years. The smaller crop this year is due principally to a reduction of 2 million acres in the acreage to be harvested. The average yield of feed grains per acre as indicated in July, is close to the 1961 record. With a smaller carryover in prospect, the total supply for 1962-63 is expected to be about 6 percent less than in 1961-62. The record disappearance of feed grains this year is expected to reduce carryover stocks during 1961-62 by around 10 million tons. Should disappearance continue near this high level in 1962-63, stocks would be reduced further during the coming year.

The 1962 corn crop was estimated on July 1 at 3,518 million bushels, about 100 million bushels less than in 1961, but 76 million bushels above the 1956-60 average. The total supply of corn for 1962-63 is expected to total around 5.2 billion bushels, about 7 percent less than in 1961-62. The oat supply is about 5 percent smaller than last year, the barley supply about 4 percent smaller.

The 1962 hay crop was estimated on July 1 at 116 million tons, slightly below the 1961 crop but slightly above the 1956-60 average. July 1 pasture conditions for the entire country averaged about as good as a year ago and were slightly above the 10-year average, although pasture conditions were poor in some eastern and southern States.

Prices received by farmers for feed grain in June continued near May levels, averaging 3 percent higher than a year earlier. The average price of corn was \$1.03 per bushel, the same level as in June 1961, but 17 cents below the 1961 support price. Prices of oats, barley, and sorghum grain were all higher than in June 1961. Changes in prospects for the 1962 feed grain crops, together with the 1962 Feed Grain Program, will be important in influencing feed grain prices over the next several months. Based on present indications, feed grain prices in the last half of 1962 may average near prices in the same period of 1961. The 1962 Feed Grain Program is a voluntary program, the same as last year and price supports for 1962 crops are the same as in 1961.

Prices of corn and sorghum grains usually reach their seasonal high in June or July and decline during late summer and fall. If prospects continue good for these crops, they probably will decline seasonally during the next 2 or 3 months. Prices of oats and barley are expected to decline this summer as the 1962 crops are harvested. Prices of these two grains probably will average somewhat lower at midwestern markets this summer and fall than the same period of 1961 since growing conditions have been much better in the Northern Plains this year than in 1961.

The preliminary report of 1961 price support operation through May showed a total of 626 million bushels had been placed under price support which was above the comparable figure for last year. The total quantity of the four feed grains placed under price support was about equal to the record of 25 million tons placed under price support in 1960-61.

Oilseeds, Fats and Oils

Soybean crushings during the 1961-62 marketing year probably will reach a new high of around 435 million bushels compared with 402 million the previous year. The October-June 1961-62 total stands at 340 million bushels (June estimated) compared with 318 million a year earlier. The highly favorable demand and price situation for soybean meal and low meal stocks are providing the impetus for the heavy crush even though oil stocks remain at record levels.

Soybean exports, which have moved at a record clip so far this season, are expected to set a new high of around 165 million bushels, up about 35 million from 1960-61 and 25 million from 1959-60, the previous record year. Based in part on inspection data, exports from October 1, 1961 through July 13, 1962 totaled 132 million bushels compared with 115 million last season and 118 million in 1959-60. The increase over last year has gone almost entirely to Western Europe as this major importing area continues to need and rely on large imports of U. S. oilseeds and oilmeals.

Based on the above estimates of crushings and exports, the carryover of old crop beans on October 1, 1962, would rise to around 55 million bushels (equivalent to 1 month's requirement for crush and export), compared with the very small carryover of 6 million bushels the same date last year. A substantial part of the carryover will be held by CCC or resealed in farm storage. Commercial stocks of beans next fall probably will be small inasmuch as seasonally lower prices expected for new crop beans will discourage holding more than a minimum. The support rate for 1962-crop beans is \$2.25 per bushel, 5 cents less than 1961, and prices next fall likely will reflect the lower support.

Under the stimulus of strong domestic and foreign demand farm prices of soybeans have edged up gradually this season from a low of \$2.20 per bushel in October 1961 to \$2.38 per bushel in April 1962 and have held fairly firm at about this level. Soybean prices through most of the summer probably will hover around current levels averaging slightly below last summer. Prices late in the summer probably will decline seasonally with the approach of the 1962 soybean harvesting season.

The 1962 soybean acreage planted for all purposes was 28.8 million acres, 2.5 percent above the record acreage planted in 1961. The acreage is the same as indicated in the March intentions report. Nearly all areas found soil moisture and conditions favorable for getting the full intended acreage seeded. Farmers intend to harvest 27.9 million acres of the total acreage planted, for beans, a 2 percent increase over last year. The first forecast of production for the 1962 crop will be made in the August 10 Crop Report.

Fruit

Supplies of most fresh deciduous fruits during August and September are expected to be about as heavy as a year earlier. Supplies for summer and early fall of most fresh citrus will be both lighter than a year earlier and seasonally small. But those of processed fruit, especially citrus juices, will be up substantially. In early July, grower prices for fresh deciduous fruits generally averaged above a year earlier, those for citrus somewhat below.

Total production of deciduous fruits in 1962 is expected to be about the same as in 1961 but 6 percent above the 1951-60 average, according to the July Crop Report. Crops indicated to be larger than last year are pears, grapes, prunes, sweet cherries, and sour cherries; those smaller are apples, apricots, plums, and strawberries. Production of peaches other than California clingstones also is down. Prospective production of walnuts is much larger than last year; that of almonds and filberts is down considerably. The July 1 condition of the 1962-63 crop of oranges and grapefruit was above a year ago in Florida but below in all other States. The 1961-62 citrus crop for the United States is expected to reach a high of 8.6 million tons, 13 percent above last year. The harvest is practically complete in all States except California.

Supplies of Florida oranges and grapefruit remaining for harvest and use after July 1 were larger than a year earlier, though most of the crops already had been harvested. But remaining supplies of California oranges and lemons were much lighter, and those of grapefruit were about the same as a year earlier. This points to lighter supplies of fresh citrus during August and September than in these months last year, since most fresh citrus for this period consists of California fruit.

In contrast, Florida packers' stocks of frozen orange concentrate and canned single-strength orange juice in early July were much heavier than a year earlier. Most of the increase in stocks of frozen orange concentrate was in bulk containers, a form suitable for packaging later into retail size containers, converting into chilled single-strength juice, or blending with new-crop juice next season. With retail prices of frozen orange concentrate somewhat below a year ago, movement into consumption channels is expected to continue larger this summer than last. Output of Florida frozen orange concentrate in 1961-62 was a record of more than 115 million gallons (as of July 7), compared with the previous high of about 84 million in 1960-61.

Commercial Vegetables

Fresh.--Supplies of fresh market vegetables excluding melons, will be seasonally heavy into September. Supplies probably will be near those of last year, and above average. Indications point to moderately to substantially more summer snap beans, beets, cauliflower, escarole, and slightly to moderately more summer cabbage and cucumbers. However, a little more than offsetting is moderately to substantially smaller supplies of summer eggplant; celery, garlic, lettuce, green peas, and spinach, and slightly less sweet corn. Supplies of summer lima beans and carrots are expected to be near those of a year ago. Production of mid-summer cantaloups and early and late summer watermelons is larger than a year ago.

Processing.--Supplies of both canned and frozen vegetables into September are expected to be a little larger than a year earlier. Carryover stocks of tomato juice are smaller, but stocks of other major canned items appear to be as large, or larger than a year earlier. Stocks of frozen vegetables are moderately above a year ago. Less asparagus, broccoli, carrots, cauliflower, green peas, and spinach are on hand than at this time last year, but stocks of other major frozen items are larger.

Early indications are that total production for processing in 1962 is likely to be close to that of last year. Production of winter and spring spinach was about a fourth smaller than a year ago. Indicated production of green peas is up 12 percent and early reports point to a slightly larger snap bean crop. With the exception of beets and tomatoes for canning indicated acreage for processing is smaller than a year earlier for all other major vegetables. Acreage of beets is about the same as that of last year, and acreage of tomatoes up 5 percent. Should yields be near those of recent years on the intended acreage, total packs of both canned and frozen vegetables probably will be near those of a year ago. Among important items the canned pack of tomatoes and tomato products and green peas is expected to be up from last year. The frozen pack of green peas probably will be smaller than last season. The frozen pack of snap beans may be larger, but the canned pack probably will be about the same as a year earlier. Early reports indicate that both canned and frozen packs of lima beans and sweet corn are likely to be moderately to substantially smaller than last season.

Potatoes and Sweetpotatoes

Supplies of potatoes available into September are expected to be considerably smaller than a year ago. Production for early summer harvest is almost a fifth below last year, and the late summer crop is expected to be 6 percent smaller. Acreage of potatoes for fall harvest is 5 percent below that of a year ago. With smaller supplies, prices for the next few weeks are expected to average substantially above a year ago.

Production of the 1962 sweetpotato crop is placed at 16.7 million hundredweight, a tenth larger than a year earlier. As usual, movement of new crop sweetpotatoes in the first few weeks of the season has been light, and prices have been relatively high. However, prices are expected to decline seasonally into the fall as harvest becomes more general. With expected larger supplies, prices are likely to average below those of a year earlier.

Dry Beans and Peas

Supplies of dry peas in the 1962-63 season may be somewhat larger than last season, but supplies of dry beans promise to be slightly smaller than the heavy supplies of 1961-62. Unless export demand is much stronger than last season, prices of dry peas probably will average below those of this season. Prices of dry beans may average a little higher than in the 1961-62 season.

Cotton

Planted acreage for the 1962 cotton crop was estimated at 16,427,000 acres on July 1. Although this is 161 thousand acres less than the 16,588,000 acres planted in 1961, it is still the second largest acreage since 1956. The acreage planted to cotton for the 1962 crop represented about 90 percent of the allotted acreage. The cotton allotment for the 1962 crop is 18,202 thousand acres, compared with 18,522 thousand acres for the 1961 crop.

The 1961 national average yield of 438 pounds per harvested acre was down 8 pounds from the 1960 yield and the lowest since 1957. The yield per acre has been trending down since reaching a high of 466 pounds in 1958.

The average spot market price for Middling 1-inch cotton in June was 34.09 cents per pound, up from 33.88 cents per pound in May and 32.22 cents per pound in June 1961. There has been an upward trend in spot market prices since January 1961.

The average price received by farmers for upland cotton in June was 32.63 cents per pound, down slightly from the May price of 32.67 cents per pound, but well above the June 1961 price of 30.88 cents per pound. The average price received by farmers for all kinds of cotton from the 1961 crop to April 1, 1962, was 32.8 cents per pound. This was 2.6 cents more than the price during the same period in 1960 and, with the exception of 1958, the highest average price received by farmers since 1954.

Stocks of cotton held by CCC (owned and held as collateral against outstanding price support loans) totaled about 4.9 million bales as of July 6, about 2.9 million bales larger than on approximately the same date a year earlier. Total CCC loan entries from the 1961 crop totaled 4.8 million bales. Loan repayments totaled 1.4 million bales as of July 6, leaving loans outstanding on 3.4 million bales.

The USDA announced on June 26 that the CCC will initiate a Cotton Sales for Export Program for the 1962-63 marketing year. Sales will be made periodically on a competitive bid-basis. It was emphasized that the export sales program would supplement and not replace the previously announced Payment-in-Kind Program. The majority of the cotton exported during the 1962-63 marketing year is expected to be obtained in the open market.

Registrations under the Payment-in-Kind Program for export in the 1962-63 marketing year are lagging well behind a year earlier. Through July 13, registrations totaled 4.9 million bales, compared with 6.4 million bales to approximately the same date a year earlier.

Imports of cotton textiles, on a raw fiber equivalent basis, totaled 53,900 bales in May. This is about 12,500 bales lower than April, but almost double imports in May 1961. Exports of cotton textiles in May were down from April, totaling about 16,500 bales less than imports. For the first 5 months of 1962, there was an import trade balance in cotton textiles of 104,600 bales compared with an export trade balance of 62,900 bales for the same time in 1961.

Tobacco

The July 1 indication for 1962 production of all types of tobacco combined, at 2,141 million pounds, is 4 percent above the total 1961 crop and the largest since 1956. Acreage of tobacco for harvest is estimated to be 4 percent above last year, due mainly to increases in flue-cured and burley acreages. As of July 1, the average yield per acre of all types combined was indicated to be only slightly below the record high for last year.

The July 1 indication was for a total flue-cured crop of 1,310 million pounds compared with 1,258 million in 1961 and 1,251 million in 1960. Carry-over of flue-cured in July, 1962 is estimated at 2,075 million pounds, 15 million less than a year earlier and about 30 million less than 2 years earlier. The carryover plus this year's production will provide a total 1962-63 supply of about 3,385 million pounds--1 percent more than for 1961-62 but 8 percent less than the record level of 1956-57.

Auction markets for flue-cured in Georgia and Florida--the southernmost belt--open July 26. Markets in South Carolina and Border North Carolina are expected to start August 2. Additional markets in North Carolina and those in Virginia will open later in August and September.

The Government overall price support level for 1962 flue-cured is 56.1 cents per pound, six-tenths of a cent or 1 percent above 1961. On an experimental basis, Government price support will be made available for untied flue-cured tobacco of certain designated grades during the first 5 sales days in markets of Belts where price support previously has been available only for tied flue-cured tobacco. Heretofore, price supports have been available for untied flue-cured only in the Georgia-Florida Belt, where tobacco traditionally has been marketed in that form. For 1962 flue-cured, loan rates by grades for tied tobacco will be 6 cents per pound higher than for untied tobacco, the same differential as in the 1961 season.

Marketings of 1961 crop of Maryland tobacco have been about completed. Auction markets closed July 13. The season auction average was 61.5 cents per pound--2.4 percent less than in the previous season. The 1962 indicated crop of Maryland tobacco as of July 1 is 36.9 million pounds--a little higher than that harvested in 1961.

The 1962 crop of burley tobacco (like flue-cured and Maryland, used mainly in cigarettes) is estimated as of July 1 at 610 million pounds, 5 percent above last year. This year's crop, together with an anticipated little higher carryover on October 1, will provide a total supply for 1962-63 of about 1,754 million pounds, nearly 3 percent above 1961-62. Early indications point to a significant increase in domestic use of burley 1961-62 over 1960-61, and exports also seem likely to be up some.

According to July 1 indications, 1962 production of fire-cured and dark air-cured (used mainly in snuff and chewing tobacco) will be up 5 percent and 7 percent, respectively, from last year.

Prospective production of Pennsylvania cigar filler is a little less than in 1961. Indicated production of Ohio filler tobacco is about a tenth less than harvested last year.

The July indication for Connecticut Valley binder was for a 2 percent increase in size of the crop; nevertheless, prospective production will be one of the smallest on record. Output of the Wisconsin binder types is indicated to be down from last year by about 7 percent.

OFFICIAL BUSINESS

NOTICE

If you no longer need this publication,
check here ☐ return this sheet,
and your name will be dropped from
the mailing list.

If your address should be changed,
write the new address on this sheet
and return the whole sheet to:

Division of Administrative Services (ML)
Management Operations Staff
Agricultural Economics
U. S. Department of Agriculture
Washington 25, D. C.

DPS-91 - The Demand and Price Situation

- 24 -

The indicated production of shade-grown wrapper in Connecticut Valley is up 5 percent, but in Georgia-Florida is down about a fifth from last year. USDA has placed in effect an amended marketing agreement and order on shade-grown type 62 produced in Georgia and Florida. This initially specifies the number of leaves per plant that can be certified for handling. The action was taken after a more than two-thirds favorable vote by growers.

Cigarette output in 1962 is likely to top last year's and attain a new high. Manufacture of cigars and cigarillos is expected to exceed the level of recent years and be the highest since the early 1920's. Output of the other products--smoking and chewing tobacco and snuff may be a little lower than in 1961.

:
: The next issue of the Demand and Price Situation :
:
: is scheduled for release August 23, P. M. :
: